

Regional Means-Based Transit Fare Pricing Study

TAC Meeting #1: Existing Conditions
and Implications for Developing Scenarios

May 28, 2015

Prepared for:



METROPOLITAN TRANSPORTATION COMMISSION

Prepared by:



Regional Means-Based Transit Fare Pricing Study

Agenda

- Introductions
- Program objectives
- Study scope & timeline
- Existing policies & conditions
- Initial findings
- Scenario definition
- Next steps
- Public comment



METROPOLITAN TRANSPORTATION COMMISSION

Program Objectives

- Make transit **more affordable for low-income residents**
- Move towards a **more consistent regional standard** for fare discount policies
- Be **financially viable and administratively feasible** without adversely affecting the transit system's service levels and performance



Scope & Timeline

Activity	Timeframe
Study kickoff	March 2015
Information gathering session with social service agencies and nonprofit organizations that serve low income persons	April 2015
TAC Meeting #1: Existing conditions & implications for developing scenarios	May 2015
Present study overview and objectives to Committee (PAC)	July 2015
Focus groups with existing and potential transit riders	July 2015
TAC Meeting #2: Review draft alternative scenarios and seek feedback	July 2015
TAC Meeting #3: Review scenario evaluation results	September 2015
Draft report	November 2015
TAC Meeting #4: Review draft report	December 2015
Present draft report to Commission (or Committee)	January 2016
Final report	February 2016



Findings: Existing Policies & Conditions

- Literature review
- Transit use by low income populations
- Bay Area transit fare & discount policies
- Local and national means-based fare programs
- Means-based testing in other sectors
- Role of social service organizations
- Funding for low income transit fare programs



Findings: Literature Review

- Barriers to mobility
 - Transportation is the 3rd largest household budget item.
 - Households must make trade-off decisions when paying for transportation and choosing whether to own a car.
- Commuting patterns
 - Low income commuters are less likely to drive alone, yet over half still drive alone to work.
 - Mode choice closely linked to residential location for all incomes.
 - Transit service levels appear to be the greatest obstacles to transit use – not fare levels.



Findings: Literature Review

- **Distance-based transit fares and/or peak/off-peak fares may be more equitable** given low income transit riders travel patterns.
 - On average, low income transit riders make more trips, transfer more frequently, travel shorter distances and travel more during the off-peak than higher-income riders.
- **Free or discounted passes can provide greater flexibility, incentivize discretionary trips** (i.e., non-work trips) and help address spatial entrapment.
- **Free or discounted interagency transfers can improve affordability for low income transit riders that must use multiple transit operators** to complete their trips.



Findings: Transit Use by Low Income Populations

- 1.9 million Bay Area residents (28% of the population) live in households with incomes below 200% of the federal poverty level.
- Certain parts of the region have higher concentrations of low income households.
- 28% of low income households lack access to a vehicle. Access to private automobiles is notably lower among low income residents.
- The Bay Area is a “majority minority” region, and minority households are more likely to have incomes below the poverty level than white households.
 - 58% of people living below the poverty level identify as belonging to a minority group.



Findings:

Transit Use by Low Income Populations

- People with disabilities make up 15% of the region's low income population.
- Seniors make up 13% of the region's low income population.
- The largest markets for low income transit commuters are within counties. In seven of the nine Bay Area counties, the majority of low income commute trips occur within a county.
- The largest inter-county transit commute market for low income workers is the market from Alameda County to San Francisco.



Findings:

Bay Area Transit Fare & Discount Policies

- Bay Area transit discount policies vary considerably and often exceed the federally required discounts.
- The Bay Area's Regional Transit Connection (RTC) program offers a model for regionwide program qualification.
- Discounts for disabled persons are a reasonably good proxy for financial need, but senior and youth discounts are less so.



Bay Area Discount Policies

Agency	Demographics*		Cash Discounts** (% discount)		Monthly Pass Discounts** (% discount)			
	% Low Income	% Paying Full Fare	S/D	Youth	Adult***	S/D	Youth	Low Income
AC Transit	78%	59%	50%	50%	6%	NA	73%	NA
BART	28%	60%	63%	50-63%	NA	NA	NA	NA
Caltrain	22%	95%	51-55%	51-55%	34%	50%	50%	NA
Golden Gate Transit	12% (F) 4% (B)	89% (F) 84% (B)	50%	50%	NA	NA	NA	NA
SamTrans	77%	78%	50%	38%	20%	61%	44%	NA
SFMTA	59%	85%	56%	56%	22%	66%	66%	50%
VTA	73%	77%	50%	13%	13%	64%	36%	65%
Total (7 largest)	54%	72%						

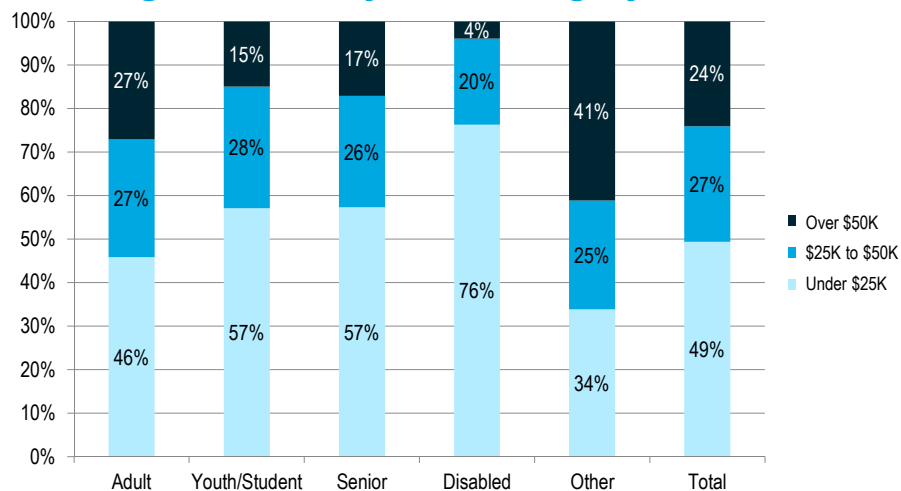
S/D = Senior Disabled *Source: 2006 MTC Transit Passenger Demographic Survey

**Source: Published Operator Fare Schedules, as of July-2015

***Adult monthly pass discount based on a cash fare equivalent of 40 trips per month



Passenger Shares by Fare Category & Income



Note: Preliminary data; does not include all operators



Findings: Means-Based Transit Fare Programs

- **Low income bulk ticket sales programs:**
 - Meet immediate needs for individuals who struggle to afford the price of a fare
 - Enable organizations to purchase transit fare media in bulk at a discount
 - Include income eligibility requirements
 - Subsidies shared by transit agency, purchasing organizations, and possibly recipients
 - Do not meet on-going needs of working poor



Findings: Means-Based Transit Fare Programs

- **Other low income programs:**
 - Meet on-going needs of working poor
 - Often rely on outside organizations that assess income eligibility as part of their case management workloads to determine eligibility and distribute fares to low income clients
 - Bay Area programs: AC Transit (previously), SFMTA, SolTrans, VTA
 - National programs: Chicago, Dallas, Los Angeles, Portland, Salt Lake City, Seattle



Findings: Means-Based Transit Fare Programs

- Bulk sales programs help address immediate needs, while other low income programs can help meet on-going needs of the working poor.
- Providing transportation benefits for low income individuals is a major social issue and requires partnering with other organizations to share programs costs and administration.
- Low income programs can offset the impacts of a fare increase – and fare increases may also help offset revenue losses associated with low income programs.
- Several programs are new, and it remains to be seen how effectively they meet the needs of all low income riders.



Findings: Means-Based Transit Fare Programs

- Many transit agencies **sell fare products at bulk discounts** to social service agencies that serve low income populations:
 - These organizations determine eligibility and issue the fare products to their clients at their own discretion, free of charge or at significant discounts.
 - These programs are designed primarily to address immediate needs and depend on the discounts offered by transit agencies and available funds to purchase fare products.
- Some transit agencies have developed **programs to provide on-going transit benefits** to working poor by providing reduced (not free) fares (e.g., Los Angeles' Rider Relief, San Francisco's Lifeline, Seattle's ORCA LIFT) to complement bulk sales programs.



Findings: Means-Based Transit Fare Programs

- **Fare revenue losses are generally covered by transit agency operating budgets.** In the Bay Area, MTC and major local companies have helped to offset fare revenue subsidies.
- **Unified and standardized verification processes make assessment and distribution more convenient for customers,** but they can add significant cost if existing social service networks are not effectively utilized.
- **Secure media and identification cards are key to managing eligibility and controlling abuse** in special fare programs, but the technology must function smoothly – and in multi-operator regions like the Bay Area must work across transit agencies.



Findings: Means-Based Testing in Other Sectors

- Means-based testing is used in a variety of different sectors, including transportation tolling, utilities, housing, educational loans, health care, and social services.
- Most programs have income thresholds, often based on federal poverty level.
 - Some programs allow eligibility based on enrollment in other programs, such as Medi-Cal (138% of FPL), CalFresh, CalWORKs, etc.
 - CalWORKs eligibility requirements are the most stringent and it is accepted as eligibility for other programs (e.g., Medi-Cal and California LifeLine).



Findings:

Means-Based Testing in Other Sectors

- Documents accepted for income verification: pay stubs, federal and state tax returns, social service program award letters.
- Program benefits distribution include:
 - One-time, monthly, and ad hoc discounts and cash benefits
 - Reduced payments, vouchers, EBT and BIC cards, transponders
- Income verification may require significant administrative effort.
- Other programs could be used to prove low income eligibility:
 - The PG&E CARE Program reaches 86% of eligible households.
 - Only about 3.5% of the population receive CalWORKs.



Findings:

Role of Social Service Organizations

- Social service organizations can be key partners in low income transit discount programs.
- These organizations currently work with low income populations, many of whom are not eligible for transportation assistance through CalWORKs but would benefit from a low income transit program.
- These organizations can assist with eligibility assessments and distribution. ORCA LIFT in Seattle and other peer programs rely on these organizations for means testing.



Findings:

Role of Social Service Organizations

- In order to streamline administration, program qualifications should be standardized.
 - Medi-Cal may be the preferred eligibility standard for discounted transit programs; other programs (e.g., CalFresh, CalWORKs) are perceived as welfare rather than insurance programs, a stigma that prevents individuals from registering. Medi-Cal also has a far greater reach than CalWORKs.
 - Offering a low income transit program may help expand the reach of social service agencies and increase enrollment in CalFresh.
 - Simplicity of eligibility determination and fare media distribution will be key to success.



Findings:

Role of Social Service Organizations

- Use of Clipper can help in administering and monitoring the program, as well as providing low income riders the flexibility to travel across multiple transit systems.
- Some County Social/Human Service Agencies may have implementation hurdles, such as union work rules, that will need to be addressed in order to conduct means testing and fare media distribution. In Santa Clara County, this did not appear to be a concern during the period that the TAP program used Clipper cards to distribute monthly passes.



Findings:

Role of Social Service Organizations

- Including community-based organizations (CBOs) for eligibility testing and enrollment will help improve access to the program for low income populations. It must be as easy as possible for low income people to enroll in any means-based transit program that is implemented. Many people may not be able to take the time off work to apply for this separate benefit.



Findings:

Funding for Low Income Transit Fare Programs

- Among Bay Area transit agencies, Marin Transit, SFMTA, SolTrans, Sonoma County Transit, VTA, and WestCAT/AC Transit currently have means-based low income programs. These programs are funded through:
 - Sales tax measures
 - Transit Capital Improvement (TCI) funds
 - Transit Performance Initiative (TPI) incentive funds
 - County general funds
 - Transit operating funds
 - Local companies (e.g., Google)



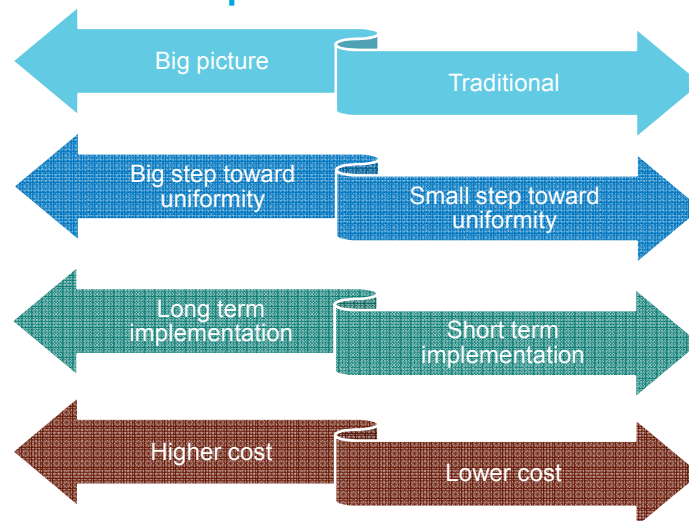
Findings:

Funding for Low Income Transit Fare Programs

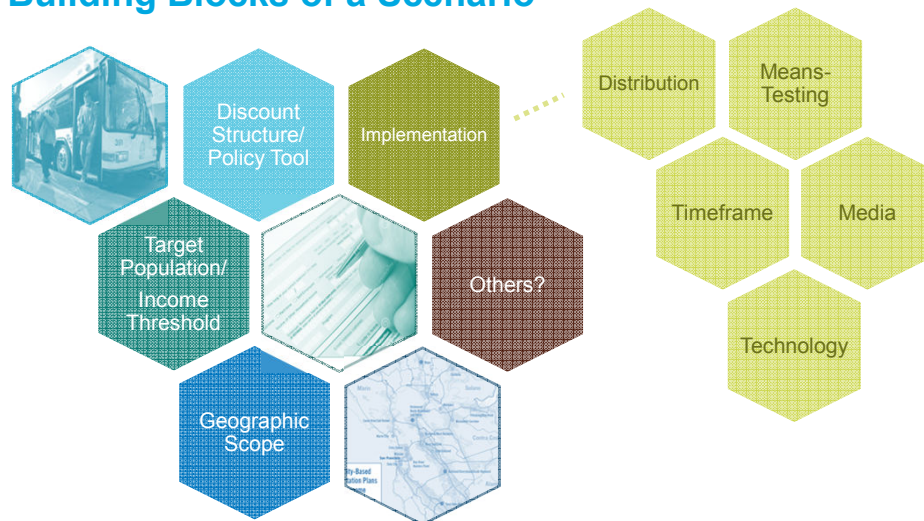
- Social service agencies that purchase and distribute fare products use a variety of Federal or State funding sources, but there is no single funding source dedicated to this purpose.
- Among peer agencies, most cover program costs and subsidies from operating funds. Only Chicago identified an external funding source. At one time, the Illinois State Legislature provided funding to subsidize revenue losses for free rides for seniors.



Scenario Development: What is a Scenario?



Building Blocks of a Scenario



Next Steps

- July 2015:
 - Present study overview and objectives to MTC Commission (or Committee).
 - Develop preliminary low income program scenarios.
 - Conduct focus groups with existing/potential transit riders.
 - TAC meeting #2: review and receive feedback on draft scenarios.
- September 2015:
 - TAC meeting #3: review scenario evaluation results.

Public Comment



Appendix



RTC Participation and Disabled Discounts

Agency	Discount	Agency	Discount
AC Transit	50%	Petaluma Municipal Transit	50%
BART	62.5%	Readi-Ride (Dixon)	*
Caltrain	50%-55%	Santa Rosa CityBus	50%
Golden Gate Transit – Bus	30%-50%	SolTrans	*
Golden Gate Transit – Ferry	5%-50%	Sonoma County Transit	50%
SamTrans	50%	SMART	TBD
SFMTA	67%	TriDelta Transit (ECCTA)	50%
VTA	50%	Union City Transit	*
County Connection (CCCTA)	50%	Vine	*
Dumbarton Express	*	Vacaville City Coach	*
FAST (Fairfield and Suisan Transit)	*	WETA	Up to 50%
Marin Transit	NA	WHEELS (Livermore Amador Valley TA)	*

- * Does not participate in RTC, but offers senior/disabled/Medicare discount
- NA Information not available



Bay Area Immediate Needs Fare Programs

Agency	Bulk Sales (Discount)	Agency	Bulk Sales (Discount)
AC Transit	Yes (NA)	Readi-Ride (Dixon)	Yes (10%)
BART	No	Santa Rosa CityBus	NA
Caltrain	Yes (0%)	SolTrans	No
Golden Gate Transit	No	Sonoma County Transit	Yes (up to 50%)
SamTrans	Yes (0%)	SMART	NA
SFMTA	Yes (0%)	TriDelta Transit (ECCTA)	Yes (0%)
VTA	Yes (50%)	Union City Transit	NA
County Connection (CCCTA)	Yes (0%)	Vine	NA
Dumbarton Express	NA	Vacaville City Coach	NA
FAST (Fairfield and Suisan Transit)	Yes (0%)	WETA	No
Marin Transit	Yes (25%)	WHEELS (Livermore Amador Valley TA)	Yes (0%)
Petaluma Municipal Transit	NA	WestCAT (WCCTA)	Yes (0%)

- NA Information not available



Bay Area On-Going Needs Fare Programs

Agency	Program	Agency	Program
AC Transit	No	Readi-Ride (Dixon)	No
BART	No	Santa Rosa CityBus	NA
Caltrain	No	SolTrans	Student Pilot
Golden Gate Transit	No	Sonoma County Transit	No
SamTrans	No	SMART	NA
SFMTA	Lifeline, Free Youth, Free Seniors/Disabled	TriDelta Transit (ECCTA)	No
VTa	UPLIFT, TAP	Union City Transit	NA
County Connection (CCCTA)	No	Vine	NA
Dumbarton Express	NA	Vacaville City Coach	NA
FAST (Fairfield and Suisan Transit)	No	WETA	No
Marin Transit	No	WHEELS (Livermore Amador Valley TA)	NA
Petaluma Municipal Transit	NA	WestCAT (WCCTA)	NA

NA Information not available



Peer Low Income Programs

Agency	Low Income Programs	Agency	Low Income Programs
MARTA, Atlanta	No	Metro Transit, Minneapolis	Jobseekers *, Homeless *
MTA, Baltimore	No	MTA, New York	No
MBTA, Boston	No	SEPTA, Philadelphia	No
CTA, Chicago	Free Ride Permits **	Valley Metro, Phoenix	Homeless Provider *
RTA, Cleveland	No	TriMet, Portland	Fare Assistance *, Fare Relief **
DART, Dallas	Lone Star Monthly Pass **	UTA, Salt Lake City	Horizon Monthly Pass **
RTD, Denver	Nonprofit Reduced Fare *	MTS, San Diego	No
DDOT, Detroit	No	Metro, Seattle	Human Services Reduced Fare Bus Tickets *, ORCA LIFT **
METRO, Houston	No	Metro, St Louis	No
Metro, Los Angeles	Immediate Needs **, Rider Relief **, Support for Homeless Re- Entry **	Metro, Washington DC	No

* Immediate needs (bulk ticket sales) program

** On-going needs program

Peer Immediate Needs Fare Programs

				Requirements		
Agency	Program	Products	Discount	Means-Testing	Income	Reporting
RTD, Denver	Nonprofit Reduced Fare	10-trip, monthly	60% 25-40%	Participating agencies: nonprofits, schools, local governments, social service agencies, public housing agencies	185% FPL	Yes
MDT, Miami	Transportation Disadvantaged	Monthly, weekly, day, 1-trip passes	100% (free)		150% FPL	Yes
Metro Transit, Minneapolis	Jobseekers, Homeless	Passes, tokens, tickets	50%		Set by non-profits	Yes
Valley Metro, Phoenix	Homeless Provider	1-, 7-, 15-, 31-day passes	50%		Set by non-profits	Yes
TriMet, Portland	Fare Assistance	Tickets, passes	20%		100% FPL	Yes
Metro, Seattle	Human Services Reduced Fare Bus Tickets	Tickets	20%		133% FPL	Yes



Peer On-Going Needs Fare Programs

				Requirements		
Agency	Program	Products	Discount	Means-Testing	Income	Reporting
CTA, Chicago	Free Ride Permits	Permit	100% (free)	State Dept. on Aging	Set by State	NA
DART, Dallas	Lone Star Monthly Pass	Monthly pass	50%	State benefit agencies	TANF	NA
Metro, Los Angeles	Immediate Needs, Rider Relief, Homeless Re-Entry	Tokens, Vouchers, Tokens	\$35/mo, \$10/mo, 100% (free)	Program administrators	(1) (2) (1)	Yes
TriMet, Portland	Fare Relief Program	Tickets, passes	Grants to social service agencies	Participating organizations	(1)	Yes
UTA, Salt Lake City	Horizon Monthly Pass	Monthly pass	25%	State benefit agencies	Varies w/program	NA
Metro, Seattle	ORCA LIFT	Stored value fare	40-60%	Program administrators	200% FPL	Yes

- (1) Set by participating organizations
 (2) Set by transit agency

